Chapter 26
Valuating Business Social Networking Services as Intangible Corporate Assets:
Experiences and Ideas

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ABSTRACT

Services both as a science and as a practice in today's corporate environments are seriously suffering from many different suboptimalities. Some of these suboptimalities are structural (lack of a coherent framework to apply the service), other metaphysical (lack of a supporting culture that would increase the demand and strengthen the market for the service) or of transcendal and ephemeral nature (lack of an appropriate technology to support the service idiosyncracies – can you imagine amazon.com without any Internet?). For some others, a framework that would comprise both organisational and technology aspects could be an answer to certain pitfalls and shortcomings currently faced. Whatever the context of a service, this does not exist in a vacuum; it is provided by people who are working in an organisation to customers that are part of a more or less structured part of the society.

INTRODUCTION

The chapter aims to provide information regarding valuation aspects of services as specific instances of intangible assets related with the particular corporate culture as well as the overall *Zeitgeist*

/ spirit of the times. Whatever the context of a service, this does not exist *in vacuo* / in a vacuum: it is provided by people who are working in an organisation, to customers that are part of a more or less structured part of the society. Ethics and moral values that dominate in the society should be expected to affect directly any type of services under consideration. Why should an organisation

provide value for money or high-quality services while the rest of the society is not following this path?

Most of us are nowadays used with the convention that the term services and their implementation through electronic means as e-services is defined here as not just a single technology but a combination of technologies, applications, processes, business strategies and practices necessary to do business electronically (Hall, 1992).

Electronic services have been in existence for over 25 years and many of the large organisations in sectors such as retail, electronics and automotive have made extensive use of e-services of different types for facilitation of their business requirements. Other variants of such operational and hands-on approaches for defining e-services do not specify the requirement for a service to be inter-enterprise but different definitions share the emphasis on computer application to computer application using an agreed standard and without human intervention.

The ubiquitous presence of the Internet, associated low cost network access and improved human to application interface via more advanced web browsers has now facilitated wider penetration and Internet services are touted as a key enabler for collaborative relationships. Internet tools, application programs, and open protocols provide opportunities to lower transaction costs, facilitate close ties, the sharing of resources and the transformation of value chains through collaborative relationships. However, the underlying organisational and management issues tend not to be given as much attention as the actual technical linkage and systems integration issues. One question that is interesting to explore is whether previous adopters of e-services may be able to use their experience of traditional services based on conventional inter-organisational systems to implement new Internet based e-service systems more effectively. This may be in terms of the technical understanding of the importance of standards and integration with IT systems through to an understanding of the need to manage the organisational and management issues.

OVERALL STATE OF THE PLAY

Service Company Value

What makes companies worth many times the value of their recorded assets? What is the nature of additional value that is perceived by the market but not recorded by the company? Why do some companies have a higher market to book ratio than others? In essence: why are some companies perceived to be more valuable than others?

Stock analysts, the most influential arbiters of corporate value, state that a very significant factor for achieving high value is the quality of a company's investment in its people, accompanied with the necessary corporate service infrastructure to make the best use of all its human resources (Abrahamson, 1992).

Though both the results and the outcomes of services are in many cases tangible and visible to us, and the same holds for their constituent elements and 'ingredients', services themselves are of a rather intangible and immaterial nature. There are many interesting definitions that try to organise knowledge in the area of services with aspects of the service delivery process.

Service Design and Provision

To a great extent we are used to operational definitions that relate a service with the time necessary for its delivery. However, this is not necessarily correct: in many cases, the human provider of a service carries years of experience and previous education which is not clearly appreciated. Furthermore, the service is usually a result of corporate process developed and improved during a long period of time and incorporating serious investment (in people, technologies, equipment,

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